

SPECIAL COUNCIL MEETING

September 7, 2011

The Special Council Meeting of the Council of the County of Kaua'i was called to order by Council Chair Jay Furfaro at the Council Chambers, 3371-A Wilcox Road, Līhu'e, Kaua'i, on Wednesday, September 7, 2011 at 8:39 a.m., after which the following members answered the call of the roll:

Honorable Tim Bynum
Honorable Dickie Chang
Honorable KipuKai Kualī'i
Honorable Nadine K. Nakamura
Honorable Mel Rapozo
Honorable JoAnn A. Yukimura
Honorable Jay Furfaro, Council Chair

APPROVAL OF THE AGENDA:

Upon motion duly made by Mr. Bynum, seconded by Ms. Yukimura, and unanimously carried, the agenda was approved.

INTERVIEWS:

COST CONTROL COMMISSION:

- **Arryl Kaneshiro** – Partial Term ending 12/31/2011
(Mayoral Appointment)

Chair Furfaro: The purpose of today's special meeting is to conduct an interview for a position on the Cost Control Commission and I would like to call up Arryl Kaneshiro.

There being no objections, the rules were suspended.

ARRYL KANESHIRO: Good Morning.

Chair Furfaro: Mr. Kaneshiro I have had the opportunity to look over your application for this commission appointment and I am of the impression that you are a CPA and yet I don't see it on your application.

Mr. Kaneshiro: Correct, I am a CPA. I don't think there was a spot to put CPA on it though.

Chair Furfaro: We'll remind John, especially for Cost Control Commission if we have a candidate that is in fact a public accountant it would be nice to have so acknowledged on the application. I'm really going to open this up to you since we've got to that point to clarify to tell us a little bit about yourself. We'd like to also know why you stepped forward and if in fact a request was made of you to serve on the Cost Control Commission. We'll start from there and then we'll go to other questions from other members.

Mr. Kaneshiro: My name is Arryl Kaneshiro. I was born and raised on Kaua'i, went to Kōloa School, graduated from Kaua'i High School, from there went off to college in Oregon, Forrest Grove Oregon. Attended Pacific University, graduated there with a degree in Business Administration with a concentration in Accounting, minor in Economics. After that I went and worked with a small accounting firm in Portland, and there I got my CPA. I worked there for about 4 years, decided it was time to make a change, and fortunately for me Grove Farm had an opening so I applied there and I've been working for Grove Farm for about almost 4 years now as a Project Specialist. As far as this position, I was asked if I wanted to be on the Commission and I think it's always been my personal goal to give back to the community. You go away for school, you get to think a lot about being back home and how much the community's provided for you and how much you want to give back once you get back there. So it's always been a personal goal to give back and then fortunately my company really encourages us to volunteer and they really support us to volunteer. I'm happy to be here and happy to get to experience being on a commission like this.

Chair Furfaro: I want to just clarify something, I believe the appropriate name of your employer is Haili Moe?

Mr. Kaneshiro: Yea, it's part of Grove Farm...

Chair Furfaro: Is that only the AMFAC portion of the land?

Mr. Kaneshiro: I think that's the portion that pays us, but we're made up of a whole bunch of companies. Visionary which is Līhu'e Land Company, Grove Farm, we have Haili Moe which is a portion of our company and we recently

have our IAL designation so we have Māhā'ulepū Farms and Haupū Land Company. It's a whole bunch but we're just known as Grove Farm, it's all the same.

Chair Furfaro: Well members, the rules are suspended. I'll open up for some questions, Mr. Rapozo.

Mr. Rapozo: Thank you and thanks Arryl for being here today and volunteering to step up to the Cost Control Commission. I don't know how much you know about Cost Control Commission, I don't know how well you were briefed up, I'm not sure if you even read The Charter as far as. You have it in front of you?

Mr. Kaneshiro: Yes. I read a portion of it.

Mr. Rapozo: I think a lot of people misunderstand the purpose of this commission, and I for one back when I got elected the first time in '02, the Cost Control Commission was not even active. It hadn't been active for quite a while and I always wondered why because as I read The Charter, it was a very important part. One of the most important commissions in the County. The goal is real clear if you look at The Charter. It says the goal of the commission *is* to reduce the cost of county government while maintaining a reasonable level of public services. So the goal of that commission *is* to reduce, not to suggest or hypothetically, it is to reduce. So there is a definite goal that I feel hasn't really been exercised for as long as I can remember. In the economy we're in today and going forward obviously it's not going to get any better for a while. I think the Cost Control Commission really has to take that goal to heart and say – hey how can we reduce? There's got to be some measurable, some tangible reduction I think in this commission. The Charter also says that if the commission makes a recommendation on any reduction measure and it could be any reduction measure, and that if they request that it be initiated or enacted then the Administration has to submit the reduction bill here to the County Council. There's no option, there's no choice, there's none of that. Again I don't believe that has been exercised and my question to you Arryl is, are you prepared to step in and especially as a CPA I think you can, you more than the average person like myself or the non-CPA the non-accounting people, I think you have a better understanding of the budgets and the finance. Are you prepared to sit amongst the other 6 and say – hey, this is what we need to do, and not just make IT as a recommendation because I understand right now with the current commission there's some confusion as to – no, no, we didn't say we wanted it done, we just wanted to make recommendations. No, I want to see a commission that's going to say – hey, we're going to cut spending in this area, this is what we want to see.

Personally I want to see that bill here so it can be vetted through the public process. Are you prepared to do that?

Mr. Kaneshiro: I think I'm prepared to do it. I don't know much about the make up of the commission right now or how they've been doing it but I think the goal is pretty clear. If you can reduce the cost while still maintaining a reasonable level of service, then it's something that should be brought up and recommended. If looking at the information you can actually do that, then yes it should be brought up.

Mr. Rapozo: And that's not always easy to do because you're dealing with an Administration or council that may not agree. But I think that's why commissions are so important because the way it's structured it's supposed to be that third-party, that unbiased, that non-political entity that says – hey, it's not about politics, this is what we need to do to cut spending. I believe you know, you've been here long enough to understand that there is a lot of areas where we can cut spending and not affect services. I think we all know there's duplication and that is what I think I want to see in a Cost Control Commission is really, take a look at these departments and say – hey where are we? The other nice thing is that if the Cost Control Commission requires an appropriation of funds to do your job, the Mayor and The Council we must provide it. There is a lot of power that comes with this commission. I just want you to understand and to know that you are willing to exercise that authority with a sincere desire to reduce the cost of government. I see you nodding so I'm assuming that's a yes.

Mr. Kaneshiro: Yes.

Mr. Rapozo: Thank you Arryl, thank you very much.

Ms. Yukimura: The Chair asked me to conduct the meeting while he's gone. Councilmember Bynum?

Mr. Bynum: Good Morning Arryl, thank you for being here and thanks for stepping up for this commission. On your application you said – I feel my skill set matches this commission. I agree. I just want to follow up on the things Mel was saying because this is an extraordinary commission or can be. It's up to the commissioners what they choose to do with it. But the Charter does give it some extraordinary powers. Who can put a bill before...an ordinance before, you know? Under the Charter the Mayor can do that, and the Councilmembers can do that. As

far as I know the only other people that can do that is the Cost Control Commission. The Charter Commission can put a resolution before the voters even or a Charter change, but in terms of an ordinance focusing on expenditures and revenues. But it is the choice of the commission. Recently we needed to clarify if some of their past recommendations, whether there was an intention from the commission to turn that into an ordinance because it doesn't require The Administration to do that if the commission chooses. It's a pretty extraordinary, and I agree with Councilmember Rapozo though, that if the commission feels that that's the way to go then they should do that. You being certain that you're willing to do that and exercise that authority if that seems appropriate in any given instance. I think potentially it's already been an interesting commission since it really got going. Brought things that were controversial and some worked and some didn't. But it's a really important commission if the commissioners choose to go there with it. I think you'll be an outstanding addition. I appreciate your willingness to serve.

Mr. Kaneshiro: Thanks.

Ms. Yukimura: Any other questions? Councilmember Kualii?

Mr. Kualii: Not really a question. Aloha and mahalo Arryl, thank you for stepping forward and for being willing to serve on our Cost Control Commission. I primarily just wanted to echo Councilmember Rapozo's statements. Your obligation is to the people, not to the Mayor, and not to this Council first and foremost. We all have to work together but please do stand strong and do what you can to meet this very simple goal of making appropriate recommendations to save the people money. The people are suffering, they need lower taxes, and I think your Commission has one of the most important responsibilities right now. I just look forward with your background and your energy, I look forward to hearing something from this next commission. Again mahalo, thank you so much for being willing to serve.

Mr. Kaneshiro: Thanks.

Ms. Yukimura: Other questions? Councilmember Nakamura.

Ms. Nakamura: Morning Arryl, thank you for stepping up and being willing to serve on this commission. I served on the Cost Control Commission for a short time and I remember Mel Rapozo coming to one of our meetings to make it clear to us the responsibilities we had and the power under the Charter. I wanted

to just keep the door open because I think that the Cost Control Commission really should have an open door with the Council as well as with the Auditor's Office because I think to make effective recommendations you need good information and data. If you need the resources to get there, we should all be working together and I just wanted to get that message to you as well as to the other Cost Control Commission members. To call us, to let us know where you feel resources are needed to get good information.

Ms. Yukimura: Thank you. I have some questions too Arryl. I really appreciate you being here and happy that you're being proposed for the Board of Cost Control. Tell us about Haili Moe. That's a company of Grove Farm but what is its focus or mission?

Mr. Kaneshiro: It's basically our management company. Haili Moe owns – some of our lands are broken up into a bunch of different companies. I think it all started when it was originally purchased. We had Grove Farm Company, then we had Līhu'e Land Company, then we had a management company. It is all encompassing, Grove Farm, we all work for the same company as Grove Farm.

Ms. Yukimura: Do you know what the hawaiian words mean?

Mr. Kaneshiro: Oh, putting me on the spot here.

Ms. Yukimura: I'm just curious. Maybe Councilmember Kualii? Well that's okay. Let me know later on.

Mr. Kaneshiro: Okay.

Ms. Yukimura: You say on your application that you're interested in learning more about how our County operates and I think this a really good commission for that because you sort of take an overview of it. Do you have any ideas of areas that you would be interested in looking at, areas of the county?

Mr. Kaneshiro: It's hard for me to say right now until I actually get into the Commission and see what they're working on. For me I'd probably hit the numbers pretty hard, look at the audits, and looking at actual analytics of the numbers. Probably actual numbers to budget, actual to prior year and see where

there's been a lot of increases or anything like that. But then again it's hard for me to say without knowing and looking at everything yet.

Ms. Yukimura: That's fair enough. In terms of actual expenditures versus budget, the financial audit, the County's financial audit you might want to look at that. It is good that you have your CPA background because it'll enable you to really understand those numbers.

In your application you say that the primary duty of the appointment, and I appreciate that you understand what the primary duty of the Cost Control Commission is, because not all the applicants for various Boards and Commissions do understand their respective board's role. But you say here that the appointment is to reduce the County's cost, and I love that you say – and improve services. Actually in the Charter it says – maintain a reasonable level of public services. I think to an extent we can be efficient and remove duplication. We actually improve services because we'll get optimum amount for the money spent and then be able to spend saved moneys elsewhere. So, I really commend you for that approach.

The Chair is back so I'll give the gavel back to him.

Chair Furfaro: Thank you Vice Chair. Mr. Bynum you had questions?

Mr. Bynum: I just wanted to follow up on something you said which I really liked, that you're going to look at numbers, actual versus budget because we need in my opinion to make decisions on what we actually do, not what we say we're going to do in a budget. If you do that analysis, you're going to see that we don't actually follow that budget, our expenditures. So looking at actual expenditures versus what we're going to do is a really important effort and I just want to applaud you for saying that.

Chair Furfaro: Mr. Chang.

Mr. Chang: Thank you Chairman. Good morning Arryl, thanks for being here. You know it's very interesting because we're looking at the application and I don't believe anyone else can see the application but you indicate why you're interested in serving and what you understand to be the primary duties of this appointment. I think you answered all the Councilmembers' questions, but what actually kind of interests me is - I'm interested to learn about how the county operates and feel my skill set matches this commission; it is my understanding that the primary duty of this appointment is to reduce the County's costs and to improve

services. It looks as though you kind of crammed all of this in the very end because you wrote real small, almost three sentences on one line very tiny. Obviously you ran out of space. Would you have written something else or is there anything else you wanted to add to what you had to say?

Mr. Kaneshiro: No. I think that was it.

Mr. Chang: I just wanted to say if I can, thank you very much for providing the community with your services and your volunteerism. I want to say that I think most of us know your parents, and I don't believe I've ever seen you sitting down on a serious note and I'm very impressed on your maturity and the way that you speak. Your background, coming from Kōloa, and the reason why I say that, you came through the system and you went to Oregon and you went abroad and you paid your dues and you learned. I would never have really realized your diverse background – business administration, accounting, economics, also being a project specialist. I wanted to congratulate you because it just seems as though everything that you've participated in less than a year - graduating recently with Leadership Kaua'i, co-chairing the Kōloa Parade, everything that you wanted to get involved with the community shows myself and all of us of your sincerity to give back to the community. Your family goes back very very deep in the Kaua'i roots, and they're all volunteers and have been a part of the community for over a century. Just want to say thank you to you because it is a very interesting commission to be involved with and I think there is a lot of responsibilities, but I believe that you're going to be very very good for the job and I believe it's going to be a great fit. I wanted to say congratulations and I'm very very proud of you. We see each other in different occasions, but it's never anything serious, so you've revealed much about your maturity and your skill sets. Just want to say mahalo. Thank you Chairman.

Mr. Kaneshiro: Thank you.

Mr. Chair: Anyone else before I share? I think Mr. Chang speaks well, we're all very proud of our local talent as they go off and improve themselves and bring those talents back to Kaua'i.

I'm going to be very very direct with you about a couple things I look for in the Cost Control position. Despite what you might be thinking, for myself, I served 6 years as the Finance Chairman for this Council, and I still do a monthly report of comparisons, actuals versus budget for the six key departments. I can share with you that that is something the Cost Control Commission needs to get closer to. I'm dealing with a letter today that somebody wrote from San Fransisco who didn't even give me a return address or a phone number to call them back complaining about the golf charges at Wailua, the rates. Well you are not the revenue commission, and

I've shared that with that time and time again. For the Cost Control Commission to now put on their marketer hat and start marketing what the prices should be, that's not in the scope of their job. And it is not your job just to reduce costs. I think as Vice Chair Yukimura said, it is the job of the Cost Control Commission to deliver to us the best possible product at the best possible price. That, to me, is the mission of the Cost Control Commission.

Later today we're going to be dealing with something where we have a money bill coming out for \$5,600.00 specifically for an event where we are hosting the Western Region of Counties Board of Directors. That's a lobbying effort for me to make sure our County gets represented in the group. Last year what we budgeted on that line, we had a \$38,000.00 uncharged balance in the categories called: Consultant Services, Special Projects, Lobbying, and Leases. This year, we budgeted the same items with no increases and we started at \$50,700.00. My comment is, we need to put the agenda item out there so it's very transparent to the public that we are hosting a Board of Directors that can be very influential in lobbying for causes that are important to Kaua'i.

The money is there, we have to reclassify the account. But today we're going to put the money bill on the agenda so it's very transparent and as it goes through a public process, the public participates. But we may end up wanting to transfer money from these accounts that we appropriately budgeted for. Those are the kinds of thing that the Cost Control Commission should be looking at for us. The overbudgeting, and budgeting that is reasonable. If we budgeted something and we have a narrative for why we're budgeting that item, then advise us as such. If we didn't complete the task, it reappears and the money goes into surplus. I have another gentleman write to me regarding the increase on the license fees for his car registration. I had to go back and share with him, and good questions, but we originally increased the license fees for registration in the year 1936. We didn't do it again until the year 1972, then we waited 14 more years to do it in the year 1986, and now we've done it in this year. So obviously it comes across as big increments, but the Cost Control should be recommending to us certain fixed fees should be reviewed in increments of at least every 5 years. Costs go up and so forth, so it doesn't look like the increases are so dramatic, but there should be a recommended schedule and I think as a CPA you know what I'm saying when I'm saying a schedule. An accounting schedule of when these kinds of reviews are due so we don't go 14 years, 32 years, you know? Things end up increasing but we should have an incremental review. I just wanted to say I'm pleased to have someone with your talent knowing the community to participate on the Cost Control Commission delivering to us the best possible product for the best possible price. It's not just about slashing, and it should be about doing the right thing for the right reason, and it's not about you folks recommending to us what revenue increases should be. You're not the revenue commission, you're the Cost Control with making key recommendations to us about delivering the right products. I know you're the right man for the job.

Mr. Kaneshiro: Thanks. Hopefully I won't disappoint.

Chair Furfaro: I just wanted to give you my parameters as Chairman of the Council, what I'm looking for from the Cost Control Commission. Members are there any more comments? No? Well, we are going to be voting on this later today am I correct? Our staff will notify you, I do want you to know you have my support, thank you for stepping forward.

On that note, I'm going to adjourn.

Mr. Rapozo: Move to receive.

Mr. Chang: Second.

Chair Furfaro: I've got a second from Mr. Chang, move to adjourn, all those in favor?

Ms. Yukimura: Vote?

Chair Furfaro: I'm sorry, I got too caught up in my control items here. All those in favor to move to receive this Special Council communication say aye. Thank you very much, we are now adjourned.

ADJOURNMENT.

There being no further business, the meeting was adjourned at 9:06 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Peter A. Nakamura', with a long horizontal stroke extending to the right.

PETER A. NAKAMURA
County Clerk